



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

February 18, 2016

Ms. Susan O. Weesner, Chief Financial Officer
Wilson Senior Care, Inc.
Post Office Box 510
Darlington, South Carolina 29540

Re: AC# 3-OKH-J3 – Oakhaven Nursing Center, LLC

Dear Ms. Weesner:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 2012 through September 30, 2013. That report was used to set the rate covering the contract period beginning October 1, 2014.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

Yours very truly,

A handwritten signature in blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

cc: Mr. Jeff Saxon
Ms. Melissa Simmons
Mr. Byron Roberts
Ms. Nicole Mitchell Threat
Ms. Brittany Sandifer
Ms. Chari Preacher

**OAKHAVEN NURSING CENTER, LLC
DARLINGTON, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING OCTOBER 1, 2014
AC# 3-OKH-J3**

**AGREED-UPON PROCEDURES REPORT
ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

CONTENTS

	<u>EXHIBIT OR SCHEDULE</u>	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES		1
COMPUTATION OF RATE CHANGE FOR THE CONTRACT PERIOD BEGINNING OCTOBER 1, 2014	A	3
COMPUTATION OF ADJUSTED REIMBURSEMENT RATE FOR THE CONTRACT PERIOD OCTOBER 1, 2014 THROUGH SEPTEMBER 30, 2015	B	4
SUMMARY OF COSTS AND TOTAL PATIENT DAYS FOR THE COST REPORT PERIOD ENDED SEPTEMBER 30, 2013	C	5
ADJUSTMENT REPORT	1	7
COST OF CAPITAL REIMBURSEMENT ANALYSIS	2	10



South Carolina
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 17, 2015

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Oakhaven Nursing Center, LLC, for the contract period beginning October 1, 2014, and for the twelve month cost report period ended September 30, 2013, as set forth in the accompanying schedules. The management of Oakhaven Nursing Center, LLC is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the South Carolina Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Oakhaven Nursing Center, LLC, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the Provider. Our findings as a result of these procedures are presented in the Summary of Costs and Total Patient Days, Adjustment Report, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the South Carolina Department of Health and Human Services and Oakhaven Nursing Center, LLC dated as of October 1, 2014, as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
November 17, 2015

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



George L. Kennedy, III, CPA
State Auditor

OAKHAVEN NURSING CENTER, LLC
Computation of Rate Change
For the Contract Period
Beginning October 1, 2014
AC# 3-OKH-J3

	<u>10/01/14-</u> <u>09/30/15</u>
Interim Reimbursement Rate (1)	\$185.87
Adjusted Reimbursement Rate	<u>182.44</u>
Decrease in Reimbursement Rate	\$ <u><u>3.43</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated January 12, 2015.

OAKHAVEN NURSING CENTER, LLC
Computation of Adjusted Reimbursement Rate
For the Contract Period October 1, 2014 Through September 30, 2015
AC# 3-OKH-J3

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$ 91.94	\$104.13	
Dietary		18.89	17.36	
Laundry/Housekeeping/Maintenance		<u>15.97</u>	<u>15.17</u>	
Subtotal	<u>\$9.57</u>	126.80	136.66	\$126.80
Administration & Medical Records	<u>\$1.12</u>	<u>23.85</u>	<u>24.97</u>	<u>23.85</u>
Subtotal		150.65	<u>\$161.63</u>	150.65
<u>Costs Not Subject to Standards:</u>				
Utilities		3.27		3.27
Special Services		.19		.19
Medical Supplies & Oxygen		9.80		9.80
Taxes and Insurance		3.79		3.79
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$167.83</u>		167.83
Inflation Factor (3.30%)				5.54
Cost of Capital				7.32
Cost of Capital Limitation				-
Profit Incentive (Maximum 3.5% of Allowable Cost)				1.12
Cost Incentive				9.57
Effect of \$1.75 Cap on Cost/Profit Incentives				<u>(8.94)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$182.44</u>

OAKHAVEN NURSING CENTER, LLC
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 2013
 AC# 3-OKH-J3

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$2,750,813	\$ 1,413 (7)	\$ 8,324 (2) 25,121 (5) 1,278 (5) 720 (6)	\$2,716,783
Dietary	551,983	539,137 (10)	532,958 (9)	558,162
Laundry	74,185	-	-	74,185
Housekeeping	186,628	5,456 (10)	1,144 (5) 5,406 (9)	185,534
Maintenance	212,342	1 (6) 6,373 (10)	529 (5) 6,005 (9)	212,182
Administration & Medical Records	793,494	2,496 (4) 61,255 (10)	457 (5) 386 (5) 83,322 (6) 68,396 (9)	704,684
Utilities	98,074	1 (6) 4,955 (10)	1,413 (7) 4,919 (9)	96,698
Special Services	5,552	-	1 (8)	5,551
Medical Supplies & Oxygen	288,880	8,324 (2)	15 (5) 632 (6) 7,097 (8)	289,460
Taxes and Insurance	112,051	2 (6) 2,777 (10)	2,777 (9)	112,053

OAKHAVEN NURSING CENTER, LLC
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2013
AC# 3-OKH-J3

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Legal Fees	31,165	510 (10)	24,932 (3) 2,764 (9)	3,979
Cost of Capital	224,455	424 (1) 2,687 (10)	2,057 (6) 687 (8) 3,575 (9) 4,885 (11)	216,362
Subtotal	5,329,622	635,811	789,800	5,175,633
Ancillary	182,497	-	-	182,497
Nonallowable	324,510	24,932 (3) 28,930 (5) 86,727 (6) 7,785 (8) 626,800 (9) 4,885 (11)	424 (1) 623,150 (10)	480,995
CNA Training and Testing	<u>1,188</u>	<u>-</u>	<u>-</u>	<u>1,188</u>
Total Operating Expenses	<u>\$5,837,817</u>	<u>\$1,415,870</u>	<u>\$1,413,374</u>	<u>\$5,840,313</u>
Total Patient Days	<u>29,550</u>	<u>-</u>	<u>-</u>	<u>29,550</u>
Total Beds	<u>88</u>			

OAKHAVEN NURSING CENTER, LLC
Adjustment Report
Cost Report Period Ended September 30, 2013
AC# 3-OKH-J3

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Fixed Assets	\$255,852	
	Cost of Capital	424	
	Accumulated Depreciation		\$252,608
	Other Equity		3,244
	Nonallowable		424
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Medical Supplies	8,324	
	Nursing		8,324
	To reclassify expense to the proper cost center DH&HS Expense Crosswalk		
3	Nonallowable	24,932	
	Legal		24,932
	To disallow expense not related to patient care HIM-15-1, Section 2102.3		
4	Administration	2,496	
	Intercompany - Medford		2,496
	To record expense incorrectly posted to a related facility HIM-15-1, Section 2304		
5	Nonallowable	28,930	
	Nursing		25,121
	Restorative		1,278
	Housekeeping		1,144
	Maintenance		529
	Administration		457
	Medical Records		386
	Medical Supplies		15
	To adjust fringe benefits and related allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

OAKHAVEN NURSING CENTER, LLC
Adjustment Report
Cost Report Period Ended September 30, 2013
AC# 3-OKH-J3

<u>ADJUSTMENT</u> <u>NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Maintenance	1	
	Utilities	1	
	Taxes and Insurance	2	
	Nonallowable	86,727	
	Nursing		720
	Administration		83,322
	Medical Supplies		632
	Cost of Capital		2,057
	To adjust home office cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
7	Nursing	1,413	
	Utilities		1,413
	To record employee benefits and offset income against related expense HIM-15-1, Sections 2102.3 and 2304 State Plan, Attachment 4.19D		
8	Nonallowable	7,785	
	Medical Supplies		7,097
	Special Services		1
	Cost of Capital		687
	To adjust special (ancillary) services cost State Plan, Attachment 4.19D		
9	Nonallowable	626,800	
	Dietary		532,958
	Housekeeping		5,406
	Maintenance		6,005
	Administration		68,396
	Legal		2,764
	Utilities		4,919
	Taxes and Insurance		2,777
	Cost of Capital		3,575
	To reverse provider dietary cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		

OAKHAVEN NURSING CENTER, LLC
Adjustment Report
Cost Report Period Ended September 30, 2013
AC# 3-OKH-J3

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
10	Dietary	539,137	
	Housekeeping	5,456	
	Maintenance	6,373	
	Administration	61,255	
	Legal	510	
	Utilities	4,955	
	Taxes and Insurance	2,777	
	Cost of Capital	2,687	
	Nonallowable		623,150
	To record dietary cost allocation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
11	Nonallowable	4,885	
	Cost of Capital		4,885
	To adjust capital return State Plan, Attachment 4.19D		
		\$1,671,722	\$1,671,722
	TOTAL ADJUSTMENTS		

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

OAKHAVEN NURSING CENTER, LLC
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 2013
 AC# 3-OKH-J3

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>3.27359</u>
Deemed Asset Value (Per Bed)	51,127
Number of Beds	<u>88</u>
Deemed Asset Value	4,499,176
Improvements Since 1981	1,065,662
Accumulated Depreciation at 9/30/13	<u>(1,515,870)</u>
Deemed Depreciated Value	4,048,968
Market Rate of Return	<u>.0343</u>
Total Annual Return	138,880
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	138,880
Depreciation Expense	79,541
Amortization Expense	-
Capital Related Income Offsets	(2,059)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	216,362
Total Patient Days (Minimum 92% Occupancy)	<u>29,550</u>
Cost of Capital Per Diem	<u><u>\$ 7.32</u></u>

OAKHAVEN NURSING CENTER, LLC
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2013
AC# 3-OKH-J3

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$3.97
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	<u>\$7.96</u>
Reimbursable Cost of Capital Per Diem	\$7.32
Cost of Capital Per Diem	<u>7.32</u>
Cost of Capital Per Diem Limitation	<u>\$ -</u>

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